

ASSEMBLY LABOR COMMITTEE

STATEMENT TO

SENATE, No. 972

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 15, 2020

The Assembly Labor Committee reports favorably and with committee amendments Senate Bill No. 972.

As amended, this bill requires that an owner or operator of a stationary source in certain high-risk chemical manufacturing and processing industries, when contracting with outside contractors for the performance of construction, alteration, demolition, installation, repair, or maintenance work at the stationary source, must require that the contractors and subcontractors performing the work use a skilled and trained workforce to perform all onsite work which is in an apprenticeable occupation in the building and construction trades.

The industries subject to the requirements of the bill are certain chemical manufacturing and processing industries which are described in Code 324110, 325110, 325180, or 325199 of the North American Industry Classification System, which include facilities with one or more covered processes for which the owner or operator is required to prepare and submit a Risk Management Plan.

As amended, the bill excludes from the requirements of the bill contractors or subcontractors hired to perform original equipment manufacturer work for purposes of compliance with equipment warranty requirements.

As amended, the bill clarifies that collectively bargained maintenance agreements are excluded along with project labor agreements.

As amended, the bill empowers the State Office of Apprenticeship to consider existing industry and trade safety programs for compatibility and fulfillment of requirements under the bill.

As amended, a “skilled and trained workforce” is required to meet the following criteria:

As of January 1, 2021, all workers shall be paid at least 80 percent of the applicable prevailing wage and shall be either registered apprentices or skilled journeypersons, as of January 1, 2022, all workers shall be paid at least 85 percent of the applicable prevailing wage and shall be either registered apprentices or skilled journeypersons, as of January 1, 2023, all workers shall be paid at least 90 percent of the applicable prevailing wage and shall be either registered apprentices or skilled journeypersons, and as of January 1,

2024, all workers shall be paid the applicable prevailing wage and shall be either registered apprentices or skilled journeypersons.

The requirements regarding the percentage of journeypersons who must be graduates of apprenticeship programs do not apply to the extent that the contractor requests, but cannot obtain, qualified workers from a labor organization, or the extent that compliance is impracticable in certain emergency situations.

Under the amended bill, a “skilled journeyperson” is defined as a worker who meets all of the following criteria:

As of January 1, 2021, at least 30 percent of the skilled journeypersons shall be graduates of an apprenticeship program for the applicable occupation.

As of January 1, 2022, at least 40 percent of the skilled journeypersons shall be graduates of an apprenticeship program for the applicable occupation.

As of January 1, 2023, at least 50 percent of the skilled journeypersons shall be graduates of an apprenticeship program for the applicable occupation.

As of January 1, 2024, at least 60 percent of the skilled journeypersons shall be graduates of an apprenticeship program for the applicable occupation.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

As amended and reported, the bill is identical to Assembly Bill No. 805 (1R) of the 2020-2021 session.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) Change prevailing wage requirements to reflect the following schedule:

As of January 1, 2021, all workers shall be paid at least 80 percent of the applicable prevailing wage and shall be either registered apprentices or skilled journeypersons, as of January 1, 2022, all workers shall be paid at least 85 percent of the applicable prevailing wage and shall be either registered apprentices or skilled journeypersons, as of January 1, 2023, all workers shall be paid at least 90 percent of the applicable prevailing wage and shall be either registered apprentices or skilled journeypersons, and as of January 1, 2024, all workers shall be paid the applicable prevailing wage and shall be either registered apprentices or skilled journeypersons.

(2) Change the skilled journeyperson thresholds to reflect the following schedule:

As of January 1, 2021, at least 30 percent of the skilled journeypersons shall be graduates of an apprenticeship program for the applicable occupation.

As of January 1, 2022, at least 40 percent of the skilled journeypersons shall be graduates of an apprenticeship program for the applicable occupation.

As of January 1, 2023, at least 50 percent of the skilled journeypersons shall be graduates of an apprenticeship program for the applicable occupation.

As of January 1, 2024, at least 60 percent of the skilled journeypersons shall be graduates of an apprenticeship program for the applicable occupation.

(3) Exclude from the requirements of the bill contractors or subcontractors hired to perform original equipment manufacturer work for purposes of compliance with equipment warranty requirements.

(4) Clarify that collectively bargained maintenance agreements are excluded along with project labor agreements.

(5) Empower the State Office of Apprenticeship to consider existing industry and trade safety programs for compatibility and fulfillment of requirements under the bill.